STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF MORTGAGE LENDING

Before the Commissioner of the Division of Mortgage Lending

In the Matter of: LANTZMAN MANAGEMENT, INC. D/B/A LANTZMAN LENDING, Mortgage Broker License No. UNL, and JUSTIN ROBERT LANTZMAN, Mortgage Broker License No. UNL, Respondents.	Order No. 2016-022 Case No. 2016-022

ORDER TO CEASE AND DESIST,
ORDER IMPOSING AN ADMINISTRATIVE FINE AND INVESTIGATIVE COSTS,
AND
NOTICE OF OPPORTUNITY FOR ADMINISTRATIVE HEARING

Issued and Entered,
This 16th day of February, 2017,
By Cathy Sheehy,
Commissioner

I.
ORDER TO CEASE AND DESIST AND
ORDER IMPOSING AN ADMINISTRATIVE FINE AND INVESTIGATIVE COSTS

The Commissioner of the State of Nevada, Department of Business and Industry, Division of Mortgage Lending (the "Commissioner") having been statutorily charged with the responsibility and authority to administer and enforce Chapter 645B of the Nevada Revised Statutes, 645B.010 *et seq.* ("the Statute"), and Chapter 645B of the Nevada Administrative Code, NAC 645B.001 *et seq.* ("the Regulation") (collectively, "the Act"), governing the licensing and conduct of mortgage brokers and mortgage agents doing business in the State of Nevada; and,

The Commissioner having been vested with general supervisory power and control over all mortgage brokers and mortgage agents doing business in the State of Nevada pursuant to the Statute; and,

The Commissioner having been further vested with broad authority to conduct investigations to determine whether any person is violating or has violated any provision of the Act; and,

The Division of Mortgage Lending (the "Division") having received information indicating that LANTZMAN MANAGEMENT, INC. D/B/A LANTZMAN LENDING ("LMI") and JUSTIN ROBERT LANTZMAN ("LANTZMAN") (collectively, the "RESPONDENTS") are or were engaged in activity requiring licensure as a mortgage broker under the Statute; and,

The Division having commenced an investigation of RESPONDENTS' business practices pursuant to NRS 645B.060(2)(c), and having determined, from that investigation, that RESPONDENTS were engaged in activity requiring licensure as a mortgage broker under the Statute; and,

The Division staff having reported the results of its investigation to the Commissioner; and,

The Commissioner having reviewed the results of the investigation, makes the following FINDINGS OF FACT and CONCLUSIONS OF LAW:

Findings of Fact

1. NRS 645B.900 prohibits any person from offering or providing any of the services of a mortgage broker or mortgage agent or otherwise engaging in, carrying on or holding himself or herself out as engaging in or carrying on the business of a mortgage broker or mortgage agent without first obtaining the applicable license issued pursuant to this chapter, unless the person is properly exempt from licensure.

2. NRS 645B.0127(1) defines "[m]ortgage broker" to include any person who *directly or indirectly* does any of the following:

(a) Holds himself or herself out for hire to serve as an agent for any person in an attempt to obtain a loan which will be secured by a lien on real property;

(b) Holds himself or herself out for hire to serve as an agent for any person who has money to lend, if the loan is or will be secured by a lien on real property;

(c) Holds himself or herself out as being able to make loans secured by liens on real property;

(d) Holds himself or herself out as being able to buy or sell notes secured by liens on real property; or

(e) Offers for sale in this State any security which is exempt from registration under state or federal law and purports to make investments in promissory notes secured by liens on real property.

3. The Division's investigation specifically found the following:

a. LMI is a Nevada foreign corporation organized under the laws of the state of California (CA Entity C282308), holding a Nevada business license (NV Entity No. E0020072016-3), and licensed by the California Bureau of Real Estate ("CA-BRE") as a corporate real estate broker with a mortgage loan originator license endorsement (License No. 01522724, NMLS ID. No. 296471). LMI is not currently and at no time relevant to this matter been licensed as a mortgage broker in Nevada under the Statute.

b. Based upon information and belief, LMI's principal place of business is located at 11696 Sorrento Valley Road, #201, San Diego, California, 92121.

c. Based upon information and belief, LANTZMAN is the president and chief executive officer of LMI.

d. LANTZMAN is licensed by the CA-BRE as a real estate broker with a mortgage loan originator license endorsement (License No. 01728350, NMLS ID. No. 312223). LANTZMAN is not currently and at no time relevant to this matter been licensed as a mortgage broker or mortgage agent in Nevada under the Statute.

e. LANTZMAN is also the identified executive officer, director, and promoter of a pooled investment fund known as LMF 2, LP ("LMF"), registered as an active, domestic business by the California Secretary of State since April 19, 2010, and which filed "Notice of Exempt Offering of

Securities" with the U.S. Securities and Exchange Commission in 2014, 2015, and 2016. Each such filing specifies the principal place of business and contact information for LMF, as well as the street address for LANTZMAN, as 11696 Sorrento Valley Road, Suite 201, San Diego, California 92121 (the same address for LMI).

f. On or about November 4, 2015, the Division became aware of facts indicating that RESPONDENTS were engaged in activity requiring licensure under the Statute. In particular, the Division discovered that on the website www.biggerpockets.com, RESPONDENTS advertised and promoted LMI's services as a provider of hard-money loans in California, Nevada, Arizona and Texas, and learned through RESPONDENTS' own website located at www.lantzmanlending.com, that RESPONDENTS offered direct lending services in those same states, including Nevada, wherein RESPONDENTS touted their work and experience in arranging loans for private investors in the acquisition or financing of residential, commercial, industrial, and multi-family real estate, including "fix and flip" loans, and tailoring loan programs around the needs of a particular borrower. LMI represented that no matter the type of real estate at issue, the company had a loan product to fit the customer's investment needs, stating that it "specializes in first trust deeds to investors" who purchase commercial, as well as *residential* property. Describing the Las Vegas housing market as a particular source of profitable investment opportunities, and urging potential borrowers or investors to complete and submit the one-page, on-line application to LMI in order to receive a loan in as little as three days, LMI specifically showcased among the described properties for loans it had recently funded, one located in Reno, and two situated in Las Vegas, Nevada.

g. During the course of review of RESPONDENTS' website by a Division investigator, the investigator and a LMI representative participated in an online chat concerning private-money loans on residential properties in Nevada wherein that LMI representative confirmed that LMI engages in "a lot" of lending in Las Vegas and "occasionally" does so in northern Nevada; represented that the money to fund LMI's loans was its own money ("we do everything in house"); and expressed that while LMI's office was in San Diego (the company stated as not having a "formal office" in Las Vegas), the representative traveled back and forth between these cities. The Division subsequently discovered that at the time of the online chat, the LMI representative was an active, Nevada-licensed

mortgage agent, who during the time of the Division's investigation in this matter, was associated with and served as the qualified employee for a licensed mortgage broker in Nevada.

h. The Division additionally learned that from on or about January 2015 through March 2016, on at least eight occasions, RESPONDENTS directly or indirectly accepted respective applications from Nevada borrowers or investors seeking to obtain loans secured by a lien on residential property located in Nevada; that RESPONDENTS served as each borrower's or investor's agent and assisted that borrower or agent in obtaining a loan secured by a lien on residential property located in Nevada; and that in exchange for performing such services, RESPONDENTS received compensation in the approximate total amount of $33,821.00 for the charges relating to the *loan origination*, and approximately $4,800.00 in total amount for *document preparation*, concerning the subject Nevada residential properties. While in four of these eight instances, LMI may have utilized LMF rather than LMI to fund the loans, LMI received and collected all of the origination and loan document fees on or about the time of closing on each loan.

i. The Division further learned that the Nevada-licensed broker who employed the LMI representative who had participated in the aforementioned online chat, and for whom that LMI representative served as its qualified employee at the time of the Division's investigation, allegedly earned broker fees related to two of the eight loans. Another licensed broker in Nevada allegedly earned broker fees related to the other six loans.

j. RESPONDENTS represented to the Division that because LMI was a private loan investor using its own money, it believed it could fund loans through Nevada licensed brokers without obtaining its own broker license and expressed that it had "*not directed any advertising to Nevada residence[sic]/consumers.*" RESPONDENTS further contended that because LMI's website had not been launched until July 2015, it had been available to the public only for a period of approximately 5 months [from the time of the Division's December 1, 2015 request for information concerning RESPONDENTS' business activities in Nevada], and "in that short period of time," did not broker any loans in Nevada.

k. RESPONDENTS engaged in, carried on, or held themselves out as engaging in or carrying on the business of a mortgage broker within the meaning of NRS 645B.0127, when in

exchange for compensation, on behalf of Nevada borrowers or investors, RESPONDENTS directly or indirectly served as agents for such borrowers or investors in offering, arranging or attempting to arrange private or hard money loans for the purchase of and/or investment in residential properties as secured by liens on real property. Further, as facilitated by RESPONDENTS' utilization of the website www.biggerpockets.com, as well as its own website at www.lanzmanlending.com, RESPONDENTS directly or indirectly hold themselves out as hard money lenders able to originate, underwrite, and fund all of their mortgage loans and transactions and able to assist borrowers and investors in pursuing refinancing or investment projects, and obtaining income-producing properties, or repairing and rehabilitating residential properties for resale.

l. From on or about January 2015 through March 2016, RESPONDENTS engaged in unlicensed activity in relation to at least eight mortgage transactions concerning residential properties located in Nevada, the loans or promissory notes being secured by liens on such Nevada residential property. As a result of such unlicensed activities and prohibited conduct, RESPONDENTS collected loan origination fees and document preparation fees in the approximate total sum of $38,621.00.

m. RESPONDENTS engaged in activities and conduct which required licensure as a mortgage broker under the Statute.

4. Any finding of fact that may be deemed a conclusion of law shall be so construed.

Conclusions of Law

5. Unless otherwise exempt, it is a violation of NRS 645B.900 for any person to offer or provide any of the services of a mortgage broker or mortgage agent or to engage in, carry on, or otherwise hold himself or herself out as engaging in or carrying on the business of a mortgage broker or mortgage agent without first obtaining the applicable license issued pursuant to the Statute.

6. By providing or offering to provide the services of a mortgage broker without having first obtained the applicable license under the Statute, and not being exempt from the licensure requirements, RESPONDENTS are in violation of NRS 645B.900.

7. NAC 645B.515 vests in the Commissioner the authority to order a person engaging in activity in violation of the Statute or the Regulation to immediately cease and desist from engaging in the activity.

8. NRS 645B.690(1)(a) requires the Commissioner to impose an administrative fine of not more than $50,000.00 on a person that offers or provides any of the services of a mortgage broker or mortgage agent or otherwise engages in, carries on or holds himself or herself out as engaging in or carrying on the business of a mortgage broker or mortgage agent and, at the time the person was required to have a license pursuant to the Statute and the person did not have such a license.

9. Any conclusion of law that may be deemed a finding of fact shall be so construed.

Order

The Commissioner having formed the opinion based upon the foregoing that RESPONDENTS have been or are engaged in unlicensed activities in violation of the Statute, and concluded and determined that RESPONDENTS should be ordered to: 1) cease and desist from engaging in any activity requiring licensure under NRS 645B; 2) pay an administrative fine; and 3) pay the Division's investigative costs.

NOW, THEREFORE, IT IS ORDERED that LANTZMAN MANAGEMENT, INC. D/B/A LANTZMAN LENDING and JUSTIN ROBERT LANTZMAN shall immediately CEASE AND DESIST from advertising, engaging in, or otherwise carrying on or holding themselves out as engaging in or carrying on any activities that require licensure as a mortgage broker under the Statute.

IT IS FURTHER ORDERED that an ADMINISTRATIVE FINE in the amount of $40,000.00 shall be and hereby is imposed, jointly and severally, on LANTZMAN MANAGEMENT, INC. D/B/A LANTZMAN LENDING and JUSTIN ROBERT LANTZMAN in accordance with NRS 645B.690(1)(a). The ADMINISTRATIVE FINE shall be due and payable on the 30th day following the effective date of this Order and shall be tendered to the Division in accordance with the attached wire transfer instructions.

IT IS FURTHER ORDERED that RESPONDENTS shall be and hereby are assessed, jointly and severally, on LANTZMAN MANAGEMENT, INC. D/B/A LANTZMAN LENDING and JUSTIN ROBERT LANTZMAN, the Division's INVESTIGATIVE COSTS in the amount of $8,715.00, in accordance with NRS 622.400. The INVESTIGATIVE COSTS shall be due and payable on the 30th day following the effective date of this Order and shall be tendered to the Division with the ADMINISTRATIVE FINE in accordance with the attached wire transfer instructions.

IT IS FURTHER ORDERED that an administrative hearing shall be scheduled in this matter only if RESPONDENTS timely request an administrative hearing in accordance with the instructions set forth in Section II of this Order entitled Notice of Opportunity for an Administrative Hearing. **If no administrative hearing is requested within 30 calendar days of the effective date of this ORDER, RESPONDENTS shall be deemed to have waived and relinquished the right to an administrative hearing in this matter and a FINAL ORDER shall be issued in this matter**.

IT IS FURTHER ORDERED that this Order shall be and is effective and enforceable on the date that it is issued and entered, as shown in the caption hereof.

IT IS FURTHER ORDERED that this Order shall remain effective and enforceable until terminated, modified, set aside, or suspended in writing by the Commissioner.

IT IS FURTHER ORDERED that the Commissioner specifically retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as the Commissioner shall deem just, necessary, and appropriate to enforce NRS 645B and NAC 645B and protect the public.

IT IS SO ORDERED.

DIVISION OF MORTGAGE LENDING

By: [redacted]
Cathy Sheehy, Commissioner

II.

NOTICE OF OPPORTUNITY FOR ADMINISTRATIVE HEARING

NAC 645B.515 provides as follows:

> If a person engages in an activity in violation of the provisions of this chapter or chapter 645B of NRS, the Commissioner may issue an order to the person directing the person to cease and desist from engaging in the activity.
>
> 2. The order to cease and desist must be in writing and must state that, in the opinion of the Commissioner, the person has engaged in an activity:

(a) For which the person has not received a license or certificate of exemption as required by chapter 645B of NRS; or

(b) In a manner that violates the provisions of this chapter or chapter 645B of NRS.

3. A person who receives an order to cease and desist pursuant to this section shall not engage in any activity governed by chapter 645B of NRS after receiving the order unless the order is suspended or rescinded.

4. Not later than **30 calendar days** after receiving an order pursuant to this section, the person who receives the order may file a verified petition with the Commissioner to request a hearing. Upon receipt of the verified petition, the Commissioner may, for good cause shown, suspend the order pending the hearing. The Commissioner will hold the hearing on a date not later than 30 calendar days after the date the petition is filed unless the Commissioner and the person agree to another date. The order to cease and desist is rescinded if the Commissioner fails to:

(a) Hold a hearing:

(1) Not later than 30 calendar days after the date the petition is filed; or

(2) On a date agreed to by the Commissioner and the person; or

(b) Render a written decision within 45 days after the date the hearing is concluded.

5. The decision of the Commissioner after a hearing is a final decision of the Division for the purposes of judicial review. [Emphasis added.]

NRS 645B.750 provides as follows:

1. If the Commissioner enters an order taking any disciplinary action against a person or denying a person's application for a license, the Commissioner shall cause a written notice of the order to be served personally or sent by certified mail or telegram to the person.

2. Unless a hearing has already been conducted concerning the matter, the person, upon application, is entitled to a hearing. If the person does not make such an application **within 20 days** after the date of the initial order, the Commissioner shall enter a final order concerning the matter.

3. A person may appeal a final order of the Commissioner in accordance with the provisions of chapter 233B of NRS that apply to a contested case. [Emphasis added.]

If you wish to exercise your right to an opportunity for an administrative hearing, within 30 calendar days after receiving this Order, you must file a verified petition with the Commissioner to request a hearing.

The verified petition requesting a hearing must be delivered to:

Division of Mortgage Lending
Attn. Susan Slack
7220 Bermuda Road, Suite A
Las Vegas, Nevada 89119

If you fail to timely file a verified petition to request a hearing, your right to a hearing to contest this matter will be deemed waived and relinquished.